

CITY OF PROSSER
Benton County, Washington
January 1, 1993 Through December 31, 1993

Schedule Of Findings

1. The City Should Limit Expenditures To Appropriations

The city allowed expenditures to exceed appropriations for 1993, as follows:

<u>Fund Name</u>	<u>Excess Amount</u>
City Beautification	\$ 4,036
Street Tree Fund	378
Van Pool Lease	1,223
Contingency	8,519
Rural Transportation	25,751
Fire Department Accumulative Reserve	233,261

This finding also appeared in the city's prior report.

Excess expenditures are contrary to the limitations contained in RCW 35A.33.120, which states in part:

... The expenditures as classified and itemized in the final budget shall constitute the city's appropriations for the ensuing fiscal year . . . the expenditures of city funds or the incurring of current liabilities on behalf of the city shall be limited to the following:

(1) The total amount appropriated for each fund in the budget for the current fiscal year

In addition, RCW 35A.33.125 states in part:

Liabilities incurred by any officer or employee of the city in excess of any budget appropriation shall not be a liability of the city. The clerk shall issue no warrant and the city council or other authorized person shall approve no claim for an expenditure in excess of the total amount appropriated for any individual fund

These excess expenditures appear to have resulted from the failure of city officials to monitor expenditures and compare them to appropriations.

Allowing expenditures to exceed appropriations weakens the budget process and associated internal controls over public expenditures. Regular comparisons of expenditures and appropriations are necessary for effective budgetary controls.

We recommend the City of Prosser maintain expenditures at or below authorized appropriations.

2. City Officials Should Maintain Positive Cash Balances In All Funds

Our audit revealed that the following funds improperly finished the year with a deficit (negative) cash balance:

<u>Fund Name</u>	<u>Amount</u>
City Streets	\$75,776
Contingency	6,133
LID Debt Service	40,221
Parks and Recreation Capital	35
Water	55,490
Domestic Water Improvements	79,594
Garbage and Solid Waste	52,267

These negative cash balances are in effect interest free loans from the funds who have positive cash balances.

RCW 43.09.210 states in part:

... no department ... shall benefit in any financial manner whatever by an appropriation of fund made for the support of another.

This finding also appeared in the city's prior year report.

This condition emerged because management does not consistently monitor cash balances by fund.

We again recommend cash balances be monitored by management at the fund level. If cash shortages are anticipated, an interfund loan that includes a market interest rate and a repayment schedule should be authorized.

3. The Annual Financial Report And Street Report Should Be Prepared In A Timely Manner And Completely

The city's 1993 annual financial report was never submitted to the Office of State Auditor. At the time we were conducting the audit, in November and December 1994, the annual financial report was still being prepared. In addition, required Schedules 7, 8, 13, 14, 15, 18, and 19 were never prepared.

Also, it was noted the annual street report was not prepared and submitted until November 1994, seven months after the deadline.

RCW 43.09.230 states in part:

The state auditor shall require from every taxing district and other political subdivisions financial reports covering the full period of each fiscal year, in accordance with the forms and methods prescribed by the state auditor, which shall be uniform for all accounts of the same class.

Such reports shall be prepared, certified, and filed with the division within one hundred fifty days after the close of each fiscal year

RCW 35.21.260 states:

The governing authority of each city and town on or before March 31st of each year shall submit such records and reports regarding street operations in the city or town to the secretary of transportation on forms furnished by him as necessary to enable him to compile an annual report thereon.

The late preparation of the annual financial report caused the city's financial data to be unavailable to city management, state government, lenders, and citizens. By not submitting the required reports, the city denies the DOT director the necessary information to accurately compile statistics and causes the information reported by the state Department of Transportation to be in error and less meaningful to the users.

The city did not file its report, because it has had significant turnover in staff. It was not able to give the preparation of the financial statements the necessary priority in order to meet the statutory deadline.

We recommend the city take the necessary steps in order to give priority to the timely preparation of financial statements and the street report.